



# CONNECTICUT TAX TOPICS



STATE OF CONNECTICUT

Department of Revenue Services

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## CONN-TAX

To REACH CONN-TAX CALL:

**1-800-382-9463** (IN-STATE)  
OR

**860-297-5962** (ANYWHERE)

Touch tone callers have several choices:

- For questions concerning the Connecticut individual income tax, including the status of your refund and recorded information, **press 1 \***
- To order tax forms or publications, **press 2 \***
- If you are calling about a billing notice or past due tax return, **press 3**
- For recorded sales tax information, **press 4 \***
- For directions to the regional offices, **press 5 \***
- To speak with a Taxpayer Services Representative, **press 0**

If you are calling from a rotary dial phone, you can reach us during our normal business hours (8:00 A.M. to 5:00 P.M.).

(\* 24 hour service)

TDD/TT 860-297-4911  
(Telecommunications Device for the Deaf users only)

## TAX-FAX

If you have a fax machine with a handset, state tax forms and tax information notices can be obtained 24 hours a day by calling **860-297-5698**.

## INTERNET

You can obtain tax forms and publications 24 hours a day from our site on the World Wide Web at:

<http://www.state.ct.us/drs>

## DRS OFFICES

Visit our main office in Hartford or our field offices in Bridgeport, Hamden, Norwich or Waterbury weekdays, 8:00AM - 5:00PM. For directions, call CONN-TAX and **Press 5**.

**CONNECTICUT TAX TOPICS** is a quarterly newsletter about sales and use taxes and other state taxes of interest to businesses. This newsletter is designed to provide general information for taxpayers and tax practitioners. It is not designed to explain in depth a current Department policy or practice affecting the liability of taxpayers. Nothing in this publication supersedes, alters or otherwise changes provisions of Connecticut General Statutes, regulations, Department rulings or tax information publications.

## State Agencies Assigned Exemption Numbers

DRS, in cooperation with the Comptroller's Office of the State of Connecticut, has issued tax exemption numbers to Connecticut state agencies.

The exemption numbers were assigned to help remedy difficulties retailers and state agencies have had in substantiating whether an agency is tax-exempt.

An agency purchasing or leasing tangible personal property and services will provide its exemption number to vendors, along with the *Governmental Agency Exemption Certificate*, to clearly identify that the agency is exempt from Connecticut sales and use taxes.

Connecticut state agencies must continue to obtain prior approval from DRS for sales and use tax exemptions for meals and lodging.

Exemption numbers were sent to state agencies in late January. Tax exemption numbers were only issued to Connecticut state agencies; they were not assigned to agencies of the United States government or to municipalities or their agencies.

For more information on tax exemption numbers, see Policy Statement **PS 98(4)**, *Tax Exemption Numbers for Connecticut State Agencies*, or call the DRS Taxpayer Services Division. ♦

## DRS Issues New Policy Statement on Meals and Food for Consumption

Policy Statement **PS 99(1)**, *Sales and Use Taxes on Meals*, was issued on March 15, 1999. This Policy Statement supersedes **PS 95(3)**, *Sales and Use Taxes on Meals*, and modifies **SN 97(3)**, *Sales and Use Tax Exemption for Food Sold Through Coin-Operated Vending Machines*.

**PS 99(1)** describes the taxability of meals and food products for human consumption and contains a definition and description of bulk sales of food. The Policy Statement describes which food sales and products constitute taxable meals, which retail establishments qualify as establishments at which meals are sold and which retail establishments qualify as supermarkets. Special rules are provided relating to sales by supermarkets. The Policy Statement also provides information about food products sold through coin-operated vending machines, gives examples of taxable meals sold in supermarkets, discusses resale issues for sellers of meals and provides examples of exempt sales of meals and food items.

The sale of all meals, regardless of cost, is subject to sales and use taxes. Meals include all food and beverages sold for human consumption at the seller's location. Supermarkets are **not generally** considered to be sellers of meals (refer to **PS 99(1)** for details). Meals also include food products ordinarily sold in forms and portions that are ready for immediate consumption at or near the location of the seller. This includes prepared foods, prepackaged foods, hot foods and foods heated on the premises for the purchaser.

Retail establishments that sell taxable meals include, but are not limited to:

<b>Cafeterias</b>	<b>Hotels or boarding houses</b>
<b>Caterers</b>	<b>Ice cream trucks</b>
<b>Cocktail lounges</b>	<b>Mobile canteens</b>
<b>Coffee or donut shops</b>	<b>Pizzerias</b>
<b>Convenience stores</b>	<b>Private or social clubs</b>
<b>Delicatessens</b>	<b>Refreshment stands</b>
<b>Diners</b>	<b>Restaurants</b>
<b>Drive-ins</b>	<b>Sandwich shops</b>
<b>Fast food outlets</b>	<b>Snack bars</b>
<b>Grinder shops</b>	<b>Street vendors</b>
<b>Hot dog carts</b>	<b>Taverns</b>

The sale of food items in bulk is **not** generally considered the sale of meals. Exempt bulk food items are those items sold in quantities, forms or portions larger than those ordinarily considered to be for immediate consumption.

For more information on the tax on meals, see **PS 99(1)**, *Sales and Use Taxes on Meals*, or call the DRS Taxpayer Services Division. ♦

The Mission of the Connecticut Department of Revenue Services is to administer the tax laws of the State of Connecticut and collect the tax revenues in the most cost effective manner; achieve the highest level of voluntary compliance through accurate, efficient and courteous customer services; and perform in a manner which instills public confidence in the integrity and fairness of the State's tax programs.

## DRS Tax Product Update

DRS recently issued the following tax products. You can get these and other forms and publications any hour of the day, seven days a week, by visiting the DRS Web site at <http://www.state.ct.us/drs> or by calling DRS TaxFax at 860-297-5698 from the handset attached to your fax machine.

## Informational Publications

**IP 99(4)** *Numerical Index to Rulings and Administrative Pronouncements as Affected, if at all, by Later-issued Rulings and Pronouncements (as of January 1, 1999)*

**IP 99(5)** *Topical Index to Rulings and Administrative Pronouncements Covering Sales and Use Taxes (as of January 1, 1999)*

## Policy Statements

**PS 98(7)** *The Motor Vehicle Rental Surcharge and the Tourism Account Surcharge*

*This Policy Statement describes the tourism account surcharge, incorporating amendments to Chapter 228e and the information in SN 93(10), 1993 Legislative Changes to the Tourism Fund Surcharge, and other Special Notices. It also describes the motor vehicle rental surcharge, incorporating amendments made to Conn. Gen. Stat. §12-692 and the information in SN 96(11), Motor Vehicle Rental Surcharge.*

**PS 98(8)** *Exemption from Sales and Use Taxes for Items Used Directly in the Biotechnology Industry*

*This Policy Statement describes the exemption under Conn. Gen. Stat. §12-412(89) for sales and purchases of machinery equipment, tools, materials, supplies and fuel used directly in the biotechnology industry. Many key terms are defined and the document also elaborates on how the exemption applies to purchases by biotechnology companies.*

## Special Notices

**SN 99(1)** *1998 New York State Legislation Affecting The Connecticut/ New York Reciprocal Tax Program*

**SN 99(2)** *1998 Legislative Changes Affecting the Confidentiality of Returns and Return Information* ♦

## Special Taxpayer Alert

**CERT-122**, *Certificate for Refund of Sales Tax Paid on Exempt Qualifying Purchases of Meals or Lodging by an Exempt Organization or Qualifying Governmental Agency*, was reissued 2/99.

An incorrect telephone number was listed in the second paragraph under the heading for Nonqualifying Purchases in the certificate issued 11/98. The telephone number given to reach the Refund Unit of the DRS Audit Division was incorrect. The correct number should be **860-541-3253**.



**FORM CT-1040ES Coupon Package**, *1999 Estimated Connecticut Income Tax Payment Coupon for Individuals*, mailed to individuals who filed estimated coupons in 1998 contains a typographical error. A percentage was inadvertently preprinted on Line 19 of the Taxpayer's Worksheet (page 2 of the coupon package). In order for taxpayers to enter the amount of each installment, a percentage should not have been preprinted on Line 19. Line 18 - Installment Percentage, should have .25 preprinted in the column for entering figures. The line instructions for Lines 18 and 19 remain unchanged. DRS will correct the taxpayer's worksheet on future printings of this product.

## DRS to Update Tax Guides

The DRS Tax Products Group (TPG) has begun updating **IP 95(1)**, *Contractor's Guide*, **IP 95(14)**, *Manufacturing Guide* and **IP 94(5.1)**, *Getting Started in Business*. These Informational Publications have proven to be valuable tools for their respective industries and for new businesses.

It is our intention to make the new versions available by summer. For specifics on how to obtain the new publications, check the June edition of *Tax Topics*. ♦

## Understanding Taxes Clearly

**Coming Soon to a Town Near You!**

*Understanding Connecticut Taxes Clearly* is a free program that provides a broad overview of Connecticut tax requirements for new and existing small businesses. This highly successful program is beginning its sixth year and has already helped over 2500 business owners throughout Connecticut. *Understanding Taxes Clearly* is a basic level state tax course for new business owners. It is not geared to practitioners or others with advance tax knowledge.

If you operate a small business in Connecticut and you are confused by Connecticut tax requirements, *Understanding Taxes Clearly* is for you. The program covers many topics of importance to new business owners, including:

- Registering for Connecticut tax purposes
- Connecticut income tax withholding
- Connecticut estimated income tax
- Sales tax
- Completing Connecticut tax returns
- Filing deadlines
- Other Connecticut tax topics




For more information or to register, go directly to the *Starting a Business* page on the DRS Web site at [www.state.ct.us/drs](http://www.state.ct.us/drs), or call **1-800-382-9463** (in-state) or **860-297-5962** and press 0 to be connected to a Taxpayer Services Representative. ♦

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25 Sigourney Street  
Hartford CT 06106-5032  
860-297-5962

BRIDGEPORT  
10 Middle Street  
Bridgeport CT 06610  
203-579-6251

HAMDEN  Moving in 1999, call before you visit.  
2105 State St.  
Hamden CT 06517  
203-789-7516

NORWICH  Moving in 1999, call before you visit.  
2 Cliff Street  
Norwich CT 06360  
860-889-2669

WATERBURY  Moving in 1999, call before you visit.  
91 Schrafts Drive  
Waterbury CT 06708  
203-596-4310

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